

IN THE SENATE OF THE UNITED STATES.

L E T T E R

FROM

THE ACTING SECRETARY OF THE TREASURY,

TRANSMITTING

An estimate of deficiency in the appropriation for steam machinery, Bureau of Steam Engineering, fiscal year ended June 30, 1894.

DECEMBER 17, 1894.—Referred to the Committee on Appropriations and ordered to be printed.

TREASURY DEPARTMENT,
December 15, 1894.

SIR: I have the honor to transmit herewith, for the consideration of Congress, an estimate of deficiency in the appropriation for steam machinery, Bureau of Steam Engineering, for the fiscal year ended June 30, 1894, as submitted this day by the Secretary of the Navy, and which he desires to have included in the urgent deficiency bill now pending.

Respectfully, yours,

C. S. HAMLIN. *Acting Secretary.*

The PRESIDENT OF THE SENATE.

NAVY DEPARTMENT,
Washington, December 15, 1894.

SIR: Referring to the Comptroller's letter of the 8th instant relative to appropriation for \$40,000 made by the act of April 21, 1894, under cognizance of the Bureau of Steam Engineering, referred by your indorsement of the 10th instant for the information and action of this Department, in view of the urgency of the case, the Department having large bills for payment awaiting available funds, I have adopted the suggestion in the last paragraph of the Comptroller's letter, and inclose herewith an estimate for \$30,000 for a deficiency appropriation under "Steam machinery, 1894," with copies of all correspondence relating to the case attached thereto, and have the honor to request that it be transmitted to Congress to be included in the urgent deficiency bill now pending.

This Department still maintains, however, that the settlement of no particular account was involved, and that the unexpended balance of the \$40,000 should have been restored to the credit of the appropriation by the Auditor for its legitimate uses, and the deficiency reported by him as due general account of advances.

Respectfully,

H. A. HERBERT,
Secretary of the Navy.

The SECRETARY OF THE TREASURY.

*Estimates of appropriations required for the service of the fiscal year ending June 30, 1894,
by the Bureau of Steam Engineering.*

Detailed objects of expenditure, and explanations.	Total amount to be appropriated under each head of appropriation.	Amount appropriated for the fiscal year for which the appropriation is required.
Steam machinery— To pay bill of Bridgeport Brass Company of \$17,185.73, and other outstanding bills and obligations incurred prior to June 30, 1894, but for which bills did not come up for payment until after the appropriation, "Steam machinery, 1894," had become exhausted by transfers in adjustment of appropriations by the Treasury Department in repayment to general account of advances for necessary expenditures abroad upon machinery and supplies for ships in commission, such expenditures being greatly and unusually in excess of what was carefully estimated as being required for balance of fiscal year 1894 (Mar. 3, 1893, vol. 27, p. 726, sec. 1; Apr. 21, 1894, vol. 28, p. 59, sec. 1).	\$30,000	\$735,000

NAVY DEPARTMENT,
BUREAU OF SUPPLIES AND ACCOUNTS,
Washington, D. C., November 17, 1894.

SIR: Referring to urgent deficiency appropriation act (No. 5), approved April 21, 1894, attention is called to the following item: "Bureau of Steam Engineering to replace steam engineering stores destroyed by the fire in the storehouse building No. 15, in the month of December, 1893, at the navy-yard, Norfolk, Va., \$40,000." This sum was carried by appropriation warrant to the credit of the regular appropriation steam machinery, 1894. The Bureau, however, in authorizing expenditures thereunder kept the liabilities chargeable to this appropriation distinct. Up to the present date vouchers aggregating only \$13,796.67 have been paid under this appropriation, leaving a balance of \$26,203.33, practically all of which is obligated for the specific purpose for which the appropriation was made, viz: "Replacing stores destroyed by the fire." It is observed that the entire balance of the appropriation steam machinery, 1894, has been exhausted by adjustments of ships' expenditures abroad in your office, the last item charged being \$13,508.16 on the 4th instant.

The Bureau now has in hand a number of bills chargeable to the unexpended balance of the \$40,000, which it is unable to pay owing to the exhaustion of the appropriation in the manner stated above, one of which alone amounts to \$17,185.73, covering boiler tubes under contract No. 953, made especially to replace the large stock of tubes destroyed in the fire. It is therefore requested that the above-mentioned balance of \$26,203.33 be reappropriated and placed to the credit of the appropriations in question. Immediate consideration is requested and the Bureau informed as early as practicable if a requisition will be passed covering particularly the voucher referred to under contract No. 953.

Respectfully,

EDWIN STEWART,
Paymaster-General, U. S. N.

The AUDITOR FOR THE NAVY DEPARTMENT.

TREASURY DEPARTMENT,
OFFICE OF AUDITOR FOR THE NAVY DEPARTMENT,
Washington, D. C., November 20, 1894.

SIR: Your letter of the 17th instant has been received.

You inform me that up to the present date vouchers aggregating only \$13,796.67 have been paid, leaving a balance of \$26,203.33, practically all of which is obligated for the specific purpose for which the appropriation was made: "Replacing stores

destroyed by fire," act April 21, 1894 (28 Stat., 59). That the "Bureau now has on hand a number of bills chargeable to the unexpended balance of the \$40,000, which it is unable to pay owing to the exhaustion of the appropriation," and you ask that the above-mentioned balance of \$26,203.33 be reappropriated and placed to the credit of the appropriation in question.

I have examined the appropriation "Steam machinery for 1894," and find that on April 21, 1894—

There was a balance of.....	\$158, 167. 46
There was appropriated by the act of April 21, 1894, to replace steam machinery stores destroyed by fire December, 1893, at Norfolk, Va....	40, 000. 00
	<hr/> 198, 167. 46
Between April 21, 1894, and June 30, 1894, there was expended on account of steam machinery.....	128, 335. 21
	<hr/> 69, 832. 25
Leaving a balance to its credit of July 1, 1894	69, 832. 25
There has been repaid to the appropriation since July 1, 1894.....	1, 108. 15
	<hr/> 70, 940. 40
Actually been expended since July 1	<hr/> <hr/> 70, 940. 40

As follows—

Placed in the hands of disbursing officers on requisitions of the Secretary of the Navy.....	36, 847. 98
By adjustment requisitions	34, 092. 42
	<hr/> 70, 940. 40

It is admitted that the question is not free from doubt. In the first place, Congress has made a specific appropriation of \$40,000 for a specific purpose; that out of that sum only \$13,796.67 has been expended.

Since July 1, 1894, there was charged to the appropriation on account of adjustment \$34,092.42, and there was placed in the hands of disbursing officers by requisition drawn by the Secretary of the Navy \$36,847.98, nearly the whole sum appropriated for replacing the stores destroyed by fire at Norfolk, Va., December, 1893, notwithstanding the fact that the \$40,000 was placed to the credit of the appropriation of 1894 and that the Bureau was aware of the fact that this sum was appropriated for a "specific purpose." Had the Department advised this office at the time the adjustment accounts were submitted for requisitions that there was a liability against the appropriation by reason of the act of April 21, 1894, that the liabilities had been incurred and the sum appropriated to "replace the stores destroyed by fire" should be considered in any charges which might be contemplated against the appropriation "Steam machinery, 1894," it is doubtful if requisitions placing money in the hands of disbursing officers would have been passed. But the Auditor had no means of knowing that fact, and continued to allow the money to be drawn out until the whole sum appropriated by the two acts had become exhausted. The act of June 19, 1878 (20 Stat., 167), makes it the duty of the Auditor to "declare the sums due from the several appropriations upon complete vouchers, as heretofore, according to law; and he shall adjust the said liabilities with the 'general account of advances.'"

Section 3679 of the Revised Statutes provides that "no Department of the Government shall expend in any one fiscal year any sum in excess of appropriations made by Congress for that fiscal year, or involve the Government in any contract for the future payment of money in excess of such appropriations."

In view, therefore, of the law relating to the expenditures in the Navy, I regret that I can not see my way clear to comply with your request authorizing the transfer of the sum of \$26,203.33 to the credit of the appropriation for steam machinery 1894.

Very respectfully,

C. B. MORTON, Auditor.

P. M. Gen. EDWIN STEWART, U. S. N.,
Navy Department.

NAVY DEPARTMENT,
BUREAU OF SUPPLIES AND ACCOUNTS,
Washington, D. C., November 22, 1894.

SIR: I have the honor to inclose herewith copy of a letter from this Bureau to the Auditor for the Navy Department, under date of the 17th instant, and his reply thereto, for your consideration.

With reference to the provisions of section 3679, Revised Statutes, quoted on

page 4 of the Auditor's letter, no contract has been made in excess of the \$40,000 appropriated by act of April 21, although it is true that a deficiency exists under the regular appropriation "Steam machinery, 1894," and the reappropriation or transfer of the unexpended balance of \$26,203.33, appropriated by act of April 21, as requested by the Bureau, will not increase the actual expenditures under "Steam machinery, 1894," or overdraw the appropriation, but will simply increase the deficiency thereunder and show further the legitimate origin of the deficiency, viz, increased expenditures abroad out of general account of advances, and at the same time will obviate the necessity of asking a deficiency appropriation under the special appropriation (which is not deficient) to liquidate liabilities properly incurred, and for which the Bureau now holds vouchers, as explained in its letter to the Auditor.

While the Auditor's duty is clear under the act of June 19, 1878 (20 Stat., 167), as mentioned at bottom of page 3 of his letter, the Bureau submits that he is only empowered to "adjust liabilities with general account of advances," so long as funds remain to the credit of the proper appropriation against which vouchers paid from funds obtained under general account of advances should be legitimately charged, and that he is not authorized, in adjusting said liabilities, to divert funds appropriated by Congress for a specific purpose, as has been done in this instance. Under the Auditor's ruling, any other appropriation might have been used instead of the one in question in adjusting said liabilities.

The trouble undoubtedly is due to the fact that the \$40,000, appropriated for the specific purpose of replacing steam engineering stores burned, was erroneously placed to the credit of the regular appropriation "Steam machinery, 1894." After showing the disposition of the total unexpended balance of the appropriation on July 1, 1894 (page 2), the Auditor admits, as will be observed from paragraph at bottom of the same page, that the special appropriation of \$40,000 for a specific purpose was made, that only \$13,796.67 of the amount has been expended, and in the same paragraph expresses a doubt, of which he gives himself the benefit, and declines to authorize the transfer requested.

The Bureau does not admit the doubt and, respectfully appeals from the decision of the Auditor and requests the Comptroller's decision in the case at the earliest possible date.

Return of Auditor's letter requested.

Respectfully,

A. K. MICHLER,
Acting Chief of Bureau.

THE COMPTROLLER OF THE TREASURY.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE TREASURY,
Washington, D. C., November 30, 1894.

SIR: I have the honor to acknowledge the receipt of the letter of the acting chief of Bureau of the 22d instant, inclosing a copy of a letter addressed by the Bureau to the Auditor for the Navy Department, under date of the 17th instant, and his reply thereto, said letters relating to the appropriation of \$40,000 contained in the urgent deficiency appropriation act of April 21, 1894, "for replacing steam engineering stores destroyed by fire in the storehouse building numbered 15 in the month of December, 1893, at the navy-yard, Norfolk, Va.

The acting chief of Bureau "appeals from the decision of the Auditor and requests the Comptroller's decision in the case."

It appears from an examination of the correspondence that it is claimed that charges amounting to \$26,203.33 have wrongfully been made against this appropriation of \$40,000. It is not stated when these charges were made, and whether upon accounts finally adjusted by the late Second Comptroller before the 1st of October, 1894, or by the Auditor for the Navy Department since October 1, although it appears from the letter of the Auditor that the entire amount of the appropriation, including the entire amount of the regular appropriation, for steam machinery for 1894 had been, either by requisitions for advances by the Secretary of the Navy or by requisitions of the Secretary upon adjusted accounts, exhausted. If the appropriation was exhausted by the latter form of requisition it would imply that the adjustments had taken place prior to October 1, for since that date no requisitions for the payment of adjusted accounts are required. The time when the action occurred may become material in view of the change in the accounting offices of the Treasury by the act of July 31, 1894. (Stat., Fifty-third Congress, second session, 205-211.)

If the action was taken by the late Comptroller, whether it is within the power of the Comptroller of the Treasury, under the reorganized plan of accounting, to review his actions, has not yet been determined. If the action complained of was a settlement by the Auditor for the Navy Department, made since the 1st of October,

section 8 of the act of July 31, 1894, would apply. That section provides that the balances certified by the Auditors shall be final and conclusive, "except that any person whose accounts may have been settled, the head of the Executive Department * * * to which the account pertains * * * may, within a year, obtain a revision of the said account by the Comptroller of the Treasury whose decision upon such revision shall be final and conclusive upon the executive branch of the Government." Whether the action was taken before or after October 1 in neither case has the Auditor any jurisdiction to revise the settlements.

If, therefore, the action complained of was a settlement by the Auditor for the Navy Department since October 1, 1894, in order to obtain a revision by the Comptroller it will be necessary for the Secretary of the Navy (not the Chief of the Bureau of Supplies and Accounts) to request such revision, stating specifically the account or accounts which he wishes revised.

The letter of the Auditor for the Navy Department is returned herewith.

Respectfully, yours,

R. B. BOWLER, *Comptroller.*

The CHIEF OF BUREAU OF SUPPLIES AND ACCOUNTS,
Navy Department.

NAVY DEPARTMENT,
BUREAU OF SUPPLIES AND ACCOUNTS,
Washington, D. C., December 1, 1894.

SIR: Urgent deficiency bill, No. 5, approved April 21, 1894, appropriated the sum of \$40,000 "To replace steam engineering stores destroyed by fire in storehouse numbered 15, in the month of December, 1893, at the navy-yard, Norfolk, Va." This amount was placed by the Treasury Department to the credit of the regular annual appropriation "Steam machinery, 1894." Liabilities were authorized against this special appropriation covering practically the full amount appropriated. Up to the present date, however, bills aggregating only \$13,796.67, properly chargeable against this \$40,000, have been paid, leaving a balance of the appropriation of \$26,203.33. This entire balance has been exhausted by the Treasury Department in the adjustment of payments made by pay officers of vessels abroad out of general account of advances.

The Bureau now has in hand a number of vouchers properly chargeable against the unexpended balance of this special appropriation, one of which alone, in favor of the Bridgeport Brass Company, amounts to \$17,185.73, covering a contract for boiler tubes made especially to replace stock of tubes destroyed by the fire, which the Bureau is unable to pay, owing to the exhaustion of the appropriation in the manner stated.

The Bureau, under date of the 17th ultimo, stated the facts in a letter to the Auditor for the Navy Department, and requested that the unexpended balance of \$26,203.33 of the \$40,000 be retransferred to the credit of the appropriation for the payment of bills in hand chargeable against the said balance. The Auditor, in a letter to the Bureau, dated the 20th ultimo, declined to authorize the transfer, as requested.

The Bureau, on the 22d ultimo, appealed from the Auditor's decision to the Comptroller of the Treasury, whose reply, together with copies of all other correspondence in the case, is herewith transmitted for such action as the Department deems proper.

It may be proper to state that the Bridgeport Brass Company informs the Bureau that unless prompt payment of the voucher mentioned in their favor can be made their business will be seriously embarrassed.

Respectfully,

EDWIN STEWART,
Paymaster-General, U. S. N.

The SECRETARY OF THE NAVY.

NAVY DEPARTMENT,
Washington, December 4, 1894.

SIR: Referring to the act "To provide for further urgent deficiencies," etc., approved April 21, 1894, I have the honor to invite your attention to the following item: "Bureau of Steam Engineering: To replace steam engineering stores destroyed by the fire in the storehouse building No. 15 in the month of December, 1893, at the navy-yard, Norfolk, Va., \$40,000."

It appears that the accounting officers of the Treasury carried this sum at the time to the credit of the regular annual appropriation "Steam machinery, 1894." I am informed by the Paymaster-General of the Navy that vouchers aggregating only

\$13,796.67 properly chargeable to the special appropriation referred to have been paid, and that the entire balance of the appropriation "Steam machinery, 1894," including the unexpended balance of \$26,203.33 of the special appropriation, has been exhausted in the adjustment of accounts paid out of "General account of advances" by pay officers of vessels abroad.

The Paymaster-General presented the facts in the case to the Auditor for the Navy Department, under date of November 17, and requested that the unexpended balance of the \$40,000 be retransferred to the credit of the appropriation for the payment of bills now in hand properly chargeable thereto. The Auditor declined to authorize the transfer and the matter was appealed to the Comptroller of the Treasury.

Copies of the correspondence between the Paymaster-General and the Auditor's and Comptroller's offices are herewith inclosed for your information.

The facts as presented by the Paymaster-General appear to relate not so much to the settlement of any particular accounts as to the misapplication of an appropriation for a specific purpose to uses for which the general appropriation steam machinery was made. It would seem to be simply a matter of bookkeeping to restore the unexpended balance of the special appropriation to its legitimate uses, leaving the amount to stand under "General account of advances" until a deficiency appropriation under steam machinery is made by Congress.

I have the honor, therefore, to request that you will give such instructions as will cause the unexpended balance of the \$40,000, appropriated by the act of April 21, to be made available for the purpose for which appropriated, and to further request that this Department be informed as early as possible of your decision in the matter, as the payment of large bills, now in the hands of the paymaster-general, awaits the determination of this question.

Respectfully,

H. A. HERBERT,
Secretary of the Navy.

THE SECRETARY OF THE TREASURY.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE TREASURY,
Washington, D. C., December 8, 1894.

SIR: I am in receipt, by your reference, of a letter from the honorable Secretary of the Navy, of the 4th instant, in regard to the mistaken use of the appropriation for "Bureau of Steam Engineering: To replace steam engineering stores destroyed by fire in the storehouse building No. 15, in the month of December, 1893, at the navy-yard, Norfolk, Va., \$40,000."

The honorable Secretary of the Navy incloses copies of correspondence had between the chief of the Bureau of Supplies and Accounts, Navy Department, the Auditor for the Navy Department, and the Comptroller upon the matter. From an examination of this correspondence it would seem, if the statements made by the chief of the Bureau of Supplies and Accounts are correct, as they no doubt are, that a mistake has been made in charging certain payments to the appropriation for steam machinery, under which general head this appropriation of \$40,000 was put as an item.

I have the honor to call your attention to my letter of November 30 to the Chief of the Bureau of Supplies and Accounts upon this subject. It is not seen how the Secretary of the Treasury can correct the mistake, if one has been made. No charges could have been made against this appropriation prior to October 1, 1894, except upon requisitions for advances, properly drawn by the Secretary of the Navy, or upon requisitions of the Secretary of the Navy upon settlement certificates of the late Second Comptroller, or in adjusting the liabilities against this appropriation under "General account of advances." All these actions were within the knowledge of the Secretary of the Navy. The mistake has undoubtedly arisen because the \$40,000 appropriated was not kept separate, but included in the general appropriation for steam machinery.

If the mistakes occurred under settlements made by the late Second Comptroller, it is probable that they can be corrected in this office, which, for some purposes, is the successor of the office of the late Second Comptroller.

If the payments were made since the 1st of October by settlements of the Auditor for the Navy Department, the Auditor having once acted, there is no provision of law for a revision of his action except upon appeal to the Comptroller. In order to obtain an appeal, it is necessary to state the accounts from which the appeal is taken. So, also, would it be necessary to state the accounts of the late Second Comptroller in which it is claimed mistakes occurred. It would also be necessary to show that only vouchers aggregating \$13,796.67, properly chargeable to the \$40,000 appropria-

tion, had in fact been passed by the Auditor or Comptroller and charged against the appropriation of \$40,000. Unless this is done it is not seen how any action can be taken in the premises.

In view of the difficulties involved in adjusting this matter in the manner above indicated, and in view of the fact that it is admitted that a deficiency exists in the appropriation for steam machinery, it is respectfully suggested that the entire deficiency, including the amounts which were properly chargeable to the \$40,000 appropriation and which can not now be paid on account of the mistaken use of said appropriation, be referred to Congress for an appropriation. In transmitting said deficiencies a note, explaining that no deficiency in the appropriation of \$40,000 in fact exists, but that the entire amount is properly a deficiency on account of the general appropriation for steam machinery, should be added.

Respectfully, yours,

R. B. BOWLER, *Comptroller.*

The SECRETARY OF THE TREASURY.

TREASURY DEPARTMENT, *December 10, 1894.*

Respectfully referred to the honorable Secretary of the Navy for his information and action.

C. S. HAMLIN, *Acting Secretary.*

NAVY DEPARTMENT, *December 12, 1894.*

Respectfully referred to the Bureau of Supplies and Accounts.

By direction of the Secretary of the Navy.

F. H. STICKNEY,
Acting Chief Clerk.

[Thrd indorsement.]

BUREAU OF SUPPLIES AND ACCOUNTS, *December 13, 1894.*

Respectfully referred to the Bureau of Steam Engineering; attention invited to the last paragraph of the within letter.

All correspondence relating to the matter is on file in this Bureau.

It is suggested that the estimate for deficiency appropriation be made sufficiently large to cover all bills now in hand.

EDWIN STEWART,
Paymaster-General, U. S. N.

[Fourth indorsement.]

NAVY DEPARTMENT, BUREAU OF STEAM ENGINEERING,
Washington, D. C., December 14, 1894.

Respectfully returned to the Department.

It is to be regretted that the special appropriation of \$40,000, made by Congress to replace the material destroyed by fire at the Norfolk yard, had not been digested separately by the Treasury Department, so that a contractor furnishing material for this definite purpose, as called for by the requisition therefor, should not have had to wait so long a time for his pay, as in the case of the Bridgeport Brass Company for the \$17,185.73 for tubes furnished by them on contract made to fill one of these special requisitions.

It would seem as though the general account of advances might have remained debited for any balance of foreign expenditures until the exact deficiency under appropriation steam machinery, 1894, could have been ascertained and an appropriation asked therefor, without encroaching upon the \$40,000 appropriated for a special purpose, and using same to pay for such foreign expenditures.

But in either case a deficiency appropriation will have to be made, and it is therefore respectfully requested that the Department ask Congress to insert an item in the urgency deficiency appropriation, now before that body, for the sum of \$30,000 for appropriation steam machinery, 1894, to pay the bill of the Bridgeport Brass Company, above referred to, for which there is urgent need, and to meet other outstanding bills and obligations.

It is but fair to this Bureau to call attention to the fact that it has not for years before been obliged to ask for a deficiency appropriation, and it would not now be obliged to do so but for the unprecedented expenditures abroad for vessels of the Navy in commission, amounting for the fiscal year to more than \$100,000, against an average expenditure of only about \$40,000 per annum for many years previously. Also, that the debit returns for these expenditures, which were reported to this Bureau subsequent to June 30, 1894, amounted to more than \$46,000 (a whole

year's previous average), while we were holding back to meet these possible foreign expenditures the sum of \$10,000, which was considered at that time to be more than ample for the balance of such expenditures that might come in for the fiscal year 1893-94.

GEO. W. MELVILLE,
Engineer in Chief, U. S. N., Chief of Bureau.

